

PRICE & MARSHALL

PRICE & MARSHALL, INC.

CORPORATE & REAL ESTATE FINANCE

ONE PENN PLAZA
SUITE 5114
NEW YORK, NEW YORK 10119

JAMES D. PRICE
MANAGING DIRECTOR

PHONE: (212) 967-9550
FAX (212) 695-9645

September 17, 2001

Mr. Lawrence Kadish
Lawrence Kadish Real Estate
135 Jericho Turnpike
Old Westbury, New York 11568

Dear Larry:

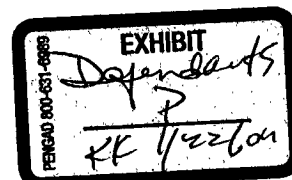
I received the attached letter this morning from my friend, Jim Hodge, at Kroger. Please read it and advise.

Sincerely,



JDP/emm

Enclosure



PM 00576

LK2



Corporate Real Estate Department

1014 Vine Street

Cincinnati, Ohio 45202

513/762-4214 w fax: 513/762-4012

Date: September 13, 2001

Mr. James D. Price
Managing Director
Price & Marshall, Inc.
One Penn Plaza, Suite 5114
New York, N.Y. 10119

Dear Jim,

I wanted to advise you that on July 24, 2001, The Kroger Co. purchased the three properties owned by the Merrill Lynch sponsored limited partnership, Balkhouse Associates.

Our attorneys have just sent me a draft of a letter to exercise The Kroger Co.'s option under the leases to purchase these properties directly in April 2003. This will trigger the terms of the Two Party Agreement between Malese Foods Corp. and the properties' owner. The Agreement provides that Malese Foods Corp. will receive the discounted cash flow of its master lease rent override for the two years beyond the original Kroger lease term.

I was visiting with my associate, Ed Waldvogel and it would make it simpler, accounting-wise, for us if we purchased Malese Foods Corp. now. Would you use your relationship with Larry Kadesh to determine if he would be interested in having us purchase his position now on a discounted cash flow basis as the Agreement provides, but for no more. April 2003 is only 18 months away.

Let me know if you think we should make him an offer.

Sincerely,

A handwritten signature in dark ink, appearing to read "J. Hodge".
James E. Hodge

PM 00575

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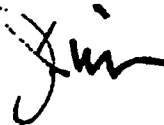
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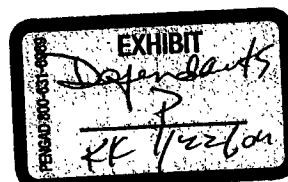
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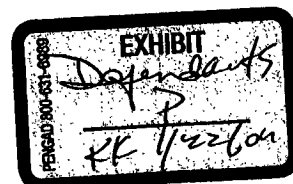
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